

H D S Z ^ M P

Glas autora!

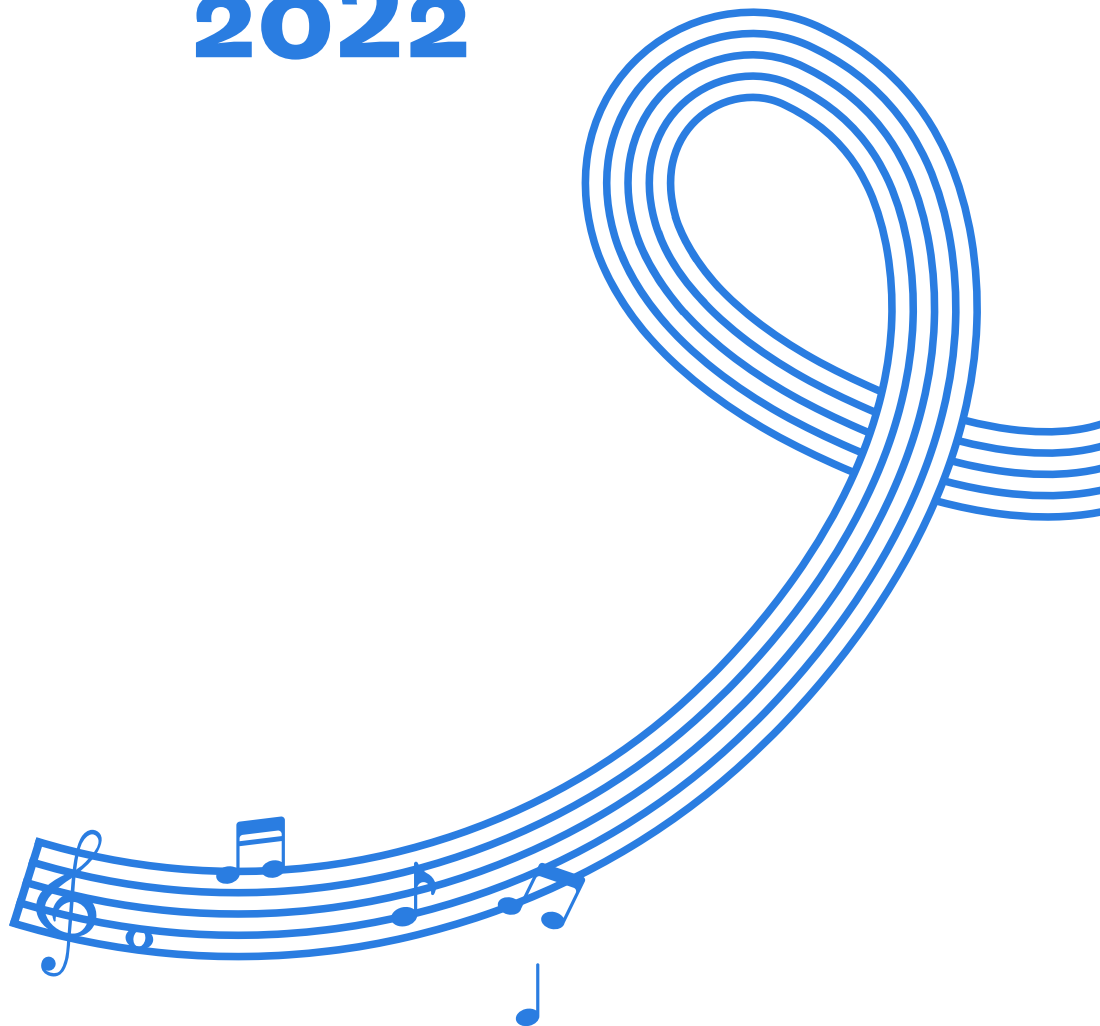
Summary Annual Report

2022 —





HDS ZAMP —
Summary
Annual Report
2022



— HDS ZAMP IN 2022



Nenad Marčec
CEO, HDS ZAMP

Consolidation of the Croatian (and international!) music industry, the return of live music and the stability of the HDS business activities are the main determinants of the business year behind us. The trend of recovery and good financial results from 2021 continued in 2022, with additional income growth for members and rights holders.

Throughout last year, HDS ZAMP generated royalties revenue in the amount of 21,908,308.00 EUR which is an increase of almost 5 million EUR, or 29.83 percent compared to the previous year.

The largest part of the income refers to 18 million EUR from the communication to the public rights, with an increase of almost 28 percent compared to 2021.


In this segment, live concerts, with royalties' growth of almost 300 percent, and live events with a growth of 130 percent, are leading the way. These numbers officially confirm that 2022 is a record year for songwriters' royalties earned from concerts in Croatia.

A 47 percent increase from the sale of music licenses to B2B such as HORECA and trade sectors is also noticeable. This is, of course, the result of their return to normal business throughout most of 2022, as well as our business decisions targeted to assist these groups of users through the 2020 and 2021 COVID-crisis.

Mechanical reproduction rights continue their downward trend year to year; however, that makes the reliable growth of income from online and digital rights (53.9 percent) particularly pleasing and encouraging. Last year, the income in the "Internet and music (S)VoD services" category exceeded 1.61 million EUR.

The post-pandemic recovery of the music industry is also evident by the 44 percent increase in the collection of royalties from abroad. Foreign sister CMOs transferred a total of 1.75 million EUR for HDS ZAMP direct members.

From the total collected amount from music licenses, a record 15.97 million EUR was designated for distribution to songwriters and rights holders! In addition to our new best result in history, thanks to stable and successful operations, we secured the so-called "anti-inflationary extraordinary stimulus" for our members in order to respond to challenges of extremely high inflation and rising prices of basic living standards and necessities.



The Croatian music community has successfully overcome several challenging years, and is now rightfully **OPTIMISTIC ABOUT THE FUTURE**

The implementation of the EU digital single market Directive gave the authors of musical works in our country the tools to achieve somewhat better position in the digital market through their representative, the Croatian Composers' Society and ZAMP. This turned out to be extremely important milestone precisely at the moment when the COVID-19 epidemic abruptly closed the venues and made live music impossible.

From the pre-pandemic two thousand subscribers, there are now over 200 thousand users of one of the streaming services in Croatia, which is truly a tectonic shift in the domestic digital market. HDS ZAMP has signed contracts with all important streaming services and platforms, including VoD services such as Netflix, Amazon, Disney and others. We license our repertoire worldwide directly to over 70 services, which is a significant step forward towards a fair distribution of digital royalties.

The income share that HDS ZAMP successfully secured for its authors from online services ranges between 12 and 15 percent of the income that online services gain through subscription or marketing. Those 15 percent has recently been defined in the official HDS Tariff which has passed the adoption procedure provided for by law. The short-term goal of HDS is definitely to negotiate with individual services and to achieve at least the currently set level of 15 percent with all of them.

In 2022, 386 new songwriter members from Croatia joined HDS ZAMP to exercise their music rights, and a large, if not a record, number of members from other associations in the region, mainly from Serbia and Bosnia and Herzegovina - a total of 403 through 2022!

Through members online profiles on our website (www.zamp.hr), 10.018 registrations of new works were recorded, which is a considerable jump compared to 9.444 new works from the previous year.

Finally, a big thank you to all our members, who have, with their involvement, cooperation and suggestions helped us build and maintain the strong image of music community as a well tuned group of creative entrepreneurs and individuals dedicated to creative work and to the principle of having right to earn a fair and livable wage from their work. Our community has successfully overcome several challenging years, and is now rightfully optimistic about the future.

— FINANCIAL RESULTS 2022

		A	B	C	D	E	F	G
COLLECTED IN 2022 - HRK / €		COLLECTED IN TOTAL	EXPENSES	EXPENSES %	DEDUCTIONS FOR CULTURAL PURPOSES	DEDUCTIONS FOR CULTURAL PURPOSES %	NET FOR DISTRIBUTION	%
PUBLIC PERFORMANCE RIGHTS								
Radio stations	HRK	20.599.965,42	4.832.511,49	23,46%	1.576.745,39	10,00%	14.190.708,54	68,89%
	€	2.734.085,26	641.384,50	23,46%	209.270,08	10,00%	1.883.430,69	
Television stations	HRK	31.105.155,55	7.122.521,86	22,90%	2.398.263,37	10,00%	21.584.370,32	69,39%
	€	4.128.363,60	945.321,10	22,90%	318.304,25	10,00%	2.864.738,25	
Cable retransmission	HRK	16.510.021,27	3.099.087,55	18,77%	1.341.093,37	10,00%	12.069.840,35	73,11%
	€	2.191.256,39	411.319,60	18,77%	177.993,68	10,00%	1.601.943,11	
Concerts	HRK	17.639.016,61	3.175.022,99	18,00%	0,00	0,00%	14.463.993,62	82,00%
	€	2.341.099,82	421.397,97	18,00%	0,00	0,00%	1.919.701,85	
Hotels, clubs, caterers, transporters, etc	HRK	45.234.853,39	11.395.898,03	25,19%	3.337.605,22	9,86%	30.501.350,14	67,43%
	€	6.003.696,78	1.512.495,59	25,19%	442.976,34	9,86%	4.048.224,85	
Live music	HRK	4.259.968,86	1.077.347,10	25,29%	318.262,18	10,00%	2.864.359,58	67,24%
	€	565.395,03	142.988,53	25,29%	42.240,65	10,00%	380.165,85	
TOTAL	HRK	135.348.981,10	30.702.389,02	22,68%	8.971.969,53	8,57%	95.674.622,55	70,69%
	€	17.963.896,89	4.074.907,30	22,68%	1.190.784,99	8,57%	12.698.204,60	
MECHANICAL REPRODUCTION RIGHTS								
Discography	HRK	406.053,32	73.089,60	18,00%	0,00	0,00%	332.963,72	82,00%
	€	53.892,54	9.700,66	18,00%	0,00	0,00%	44.191,88	
Private copying	HRK	2.476.868,50	421.067,65	17,00%	616.740,26	30,00%	1.439.060,60	58,10%
	€	328.736,94	55.885,28	17,00%	81.855,50	30,00%	190.996,16	
TOTAL	HRK	2.882.921,82	494.157,25	17,14%	616.740,26	25,82%	1.772.024,32	61,47%
	€	382.629,48	65.585,94	17,14%	81.855,50	25,82%	235.188,04	
ONLINE AND DIGITAL								
Online music and (S) VoD platforms	HRK	12.130.181,07	2.426.036,21	20,00%	0,00	0,00%	9.704.144,86	80,00%
	€	1.609.951,70	321.990,34	20,00%	0,00	0,00%	1.287.961,36	
Other (dig.archives, recorders, DJs, MP3,...)	HRK	748.370,25	149.674,05	20,00%	26.568,72	4,44%	572.127,48	76,45%
	€	99.325,80	19.865,16	20,00%	3.526,28	4,44%	75.934,37	
TOTAL	HRK	12.878.551,32	2.575.710,26	20,00%	26.568,72	0,26%	10.276.272,34	79,79%
	€	1.709.277,50	341.855,50	20,00%	3.526,28	0,26%	1.363.895,72	
INTERNATIONAL								
Revenue from abroad	HRK	13.203.745,74	1.320.374,57	10,00%	0,00	0,00%	11.883.371,17	90,00%
	€	1.752.438,22	175.243,82	10,00%	0,00	0,00%	1.577.194,39	
OTHER INCOME								
Financial income	HRK	753.946,65	0,00	0,00%	0,00	0,00%	753.946,65	100,00%
	€	100.065,92	0,00	0,00%	0,00	0,00%	100.065,92	
TOTAL (1+2+3+4+5)	HRK	165.068.146,63	35.092.631,10	21,26%	9.615.278,51	7,40%	120.360.237,02	72,92%
	€	21.908.308,00	4.657.592,55	21,26%	1.276.166,77	7,40%	15.974.548,68	

TOTAL COLLECTIONS

in % by revenue source
in 2022

TOTAL
COLLECTIONS:

165.068.146,63 HRK

**+
29,83%
GROWTH**



31,3%

| RTV broadcasters



27,4%

| Hotels, clubs, caterers, transporters, etc



13,3%

| Concerts and live events



10%

| Cable retransmission



8%

| Revenue from abroad



7,8%

| Online and digital



1,5%

| Private copying

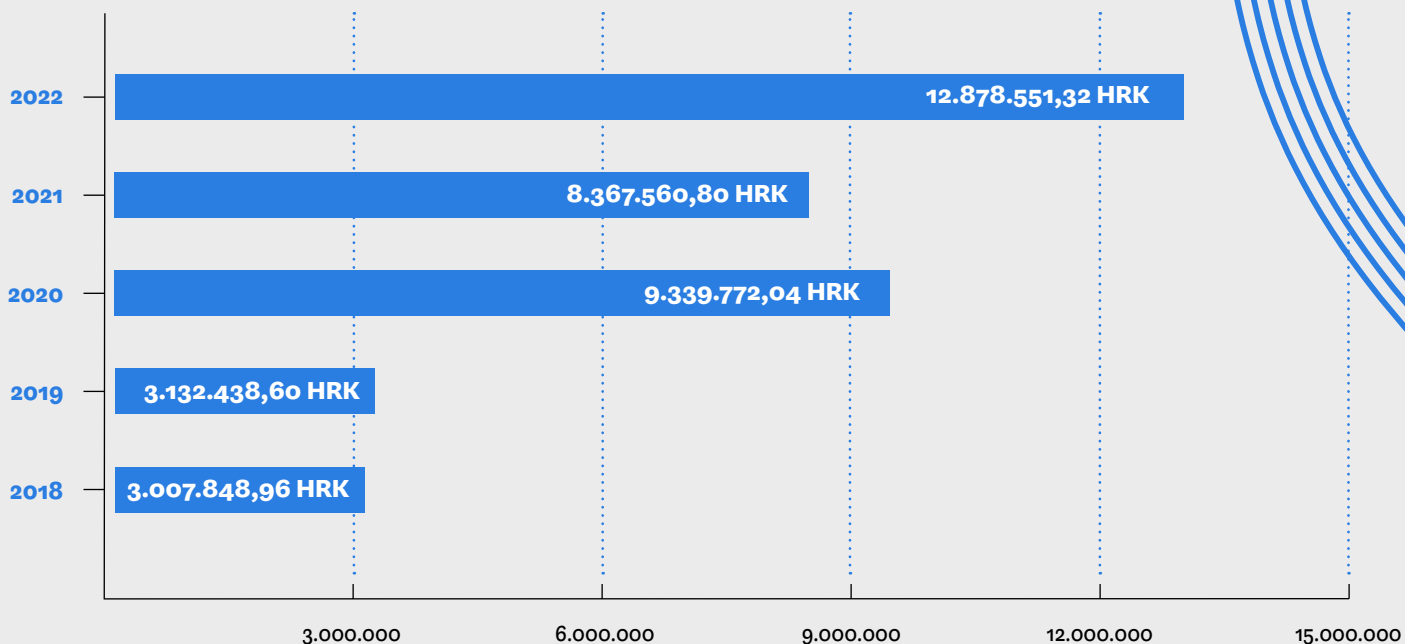


0,2%

| Discography

Online and digital collections year per year

(2018 – 2022)



REVENUE from abroad

Top 5 societies | countries per total royalties for HDS members in 2022:

01

SAZAS
SLOVENIA

02

SOKOJ
SERBIA

03

PAM CG
MONTENEGRO

04

AKM
AUSTRIA

05

AMUS
BOSNIA AND
HERZEGOVINA

TRANSPARENCY REPORT HIGHLIGHTS

/ Data for 2022, according to Art. 251 § 3 of the CRRL:

NET DISTRIBUTABLE IN 2022	120.969.220,04 HRK
PAID OUT	88.809.416,60 HRK
TO OUR MEMBERS	69.528.325,51 HRK
TO SISTER SOCIETIES	19.281.091,09 HRK
NOT ALLOCATED	1.738.656,24 HRK
BALANCE	32.159.803,44 HRK

Note:

Payments to HDS' members include payments to our members from abroad who have conferred the management of their rights to HDS for the territory of Croatia, as well as payments to sub-publishers of major foreign publishers (EMI, BMG, SONY, UNIVERSAL, etc).

In 2022, there remains the amount of 1.738.656,24 HRK that has not been allocated. This amount refers to the remuneration collected from concerts and live music events. The organizers and/or promoters of these events have not fulfilled their legal obligation of delivering programmes and setlists for these events, necessary for distribution of royalties to shareholders.

The payment frequency per rights' categories and usage types, prescribed by the Art.244, §4 of the CRRL, is detailed in HDS' Art.83 of Regulations on the management of economic rights of authors.

FINANCIAL DATA ON COOPERATION WITH FOREIGN CMOs

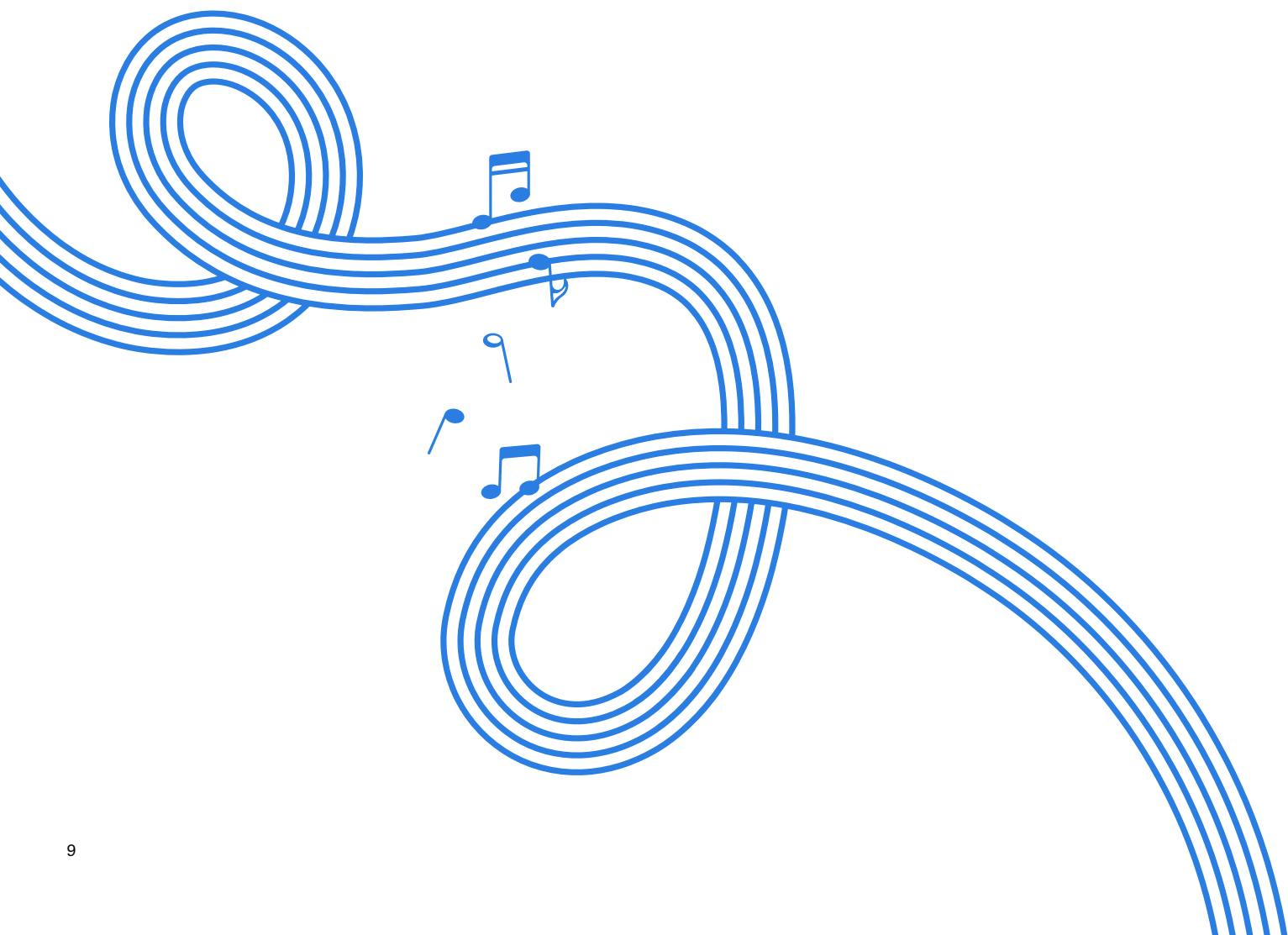
/ Revenue from abroad received by HDS from foreign CMOs in 2022

SOCIETY	TERRITORY	MECHANICAL RIGHTS	COSTS	OTHER RIGHTS	COSTS	TOTAL
ACUM	Israel	83,33	8,33	9.975,98	997,60	10.059,31
AKKA-LAA	Latvia	21,10	2,11	713,22	71,32	734,32
AKM	Austria	0,00	0,00	532.510,98	53.251,10	532.510,98
AMCOS	Australia	39.109,27	3.910,93	0,00	0,00	39.109,27
AMUS	Bosnia and Herzegovina	0,00	0,00	502.260,66	50.226,07	502.260,66
APRA	Australia	0,00	0,00	93.593,12	9.359,31	93.593,12
ARTISJUS	Hungary	5.517,39	551,74	86.973,75	8.697,38	92.491,14
ASCAP	USA	0,00	0,00	27.353,68	2.735,37	27.353,68
AUME	Austria	43.633,52	4.363,35	0,00	0,00	43.633,52
AUTODIA	Greece	1.147,26	114,73	24.313,21	2.431,32	25.460,47
BMI	USA	0,00	0,00	49.622,25	4.962,23	49.622,25
BUMA	Netherlands	0,00	0,00	32.544,87	3.254,49	32.544,87
CASH	Hong Kong	114,00	11,40	875,61	87,56	989,61
EAU	Estonia	0,00	0,00	789,39	78,94	789,39
GEMA	Germany	54.875,84	5.487,58	258.240,65	25.824,07	313.116,49
IMRO	Ireland	0,00	0,00	14.001,06	1.400,11	14.001,06
JASRAC	Japan	20.197,31	2.019,73	15.779,73	1.577,97	35.977,04
KODA	Denmark	0,00	0,00	54.814,43	5.481,44	54.814,43
KOMCA	South Korea	115,96	11,60	510,39	51,04	626,35
LATGA	Lithuania	0,00	0,00	1.842,41	184,24	1.842,41
MACP	Malaysia	0,00	0,00	1.920,31	192,03	1.920,31
MCPS	United Kingdom	16.495,23	1.649,52	0,00	0,00	16.495,23
MLC	USA	186.854,17	18.685,42	0,00	0,00	186.854,17
MUST	Taiwan	0,00	0,00	648,65	64,87	648,65
NCB	Denmark	3.561,94	356,19	0,00	0,00	3.561,94
OSA	Czech Republic	4.189,40	418,94	20.539,96	2.054,00	24.729,36
PAM CG	Montenegro	0,00	0,00	2.181.418,80	218.141,88	2.181.418,80
PRS	United Kingdom	0,00	0,00	334.523,00	33.452,30	334.523,00
SABAM	Belgium	9.503,72	950,37	26.611,80	2.661,18	36.115,52
SACEM	France	21.255,44	2.125,54	308.896,96	30.889,70	330.152,40
SAYCO	Colombia	0,60	0,06	300,70	30,07	301,30
SAZAS	Slovenia	8.155,10	815,51	4.274.251,76	427.425,18	4.282.406,86
SGAE	Spain	4.697,21	469,72	16.344,95	1.634,50	21.042,16
SOCAN	Canada	0,00	0,00	37.082,91	3.708,29	37.082,91
SOKOJ	Serbia	2.725,68	272,57	2.721.175,84	272.117,58	2.723.901,52
SOZA	Slovakia	17.834,24	1.783,42	49.763,26	4.976,33	67.597,50
SPA	Portugal	432,06	43,21	2.466,74	246,67	2.898,80
STEMRA	Netherlands	77.364,52	7.736,45	0,00	0,00	77.364,52
STIM	Sweden	0,00	0,00	157.993,04	15.799,30	157.993,04
SUISA	Switzerland	12.122,35	1.212,24	292.264,79	29.226,48	304.387,14
TEOSTO	Finland	0,00	0,00	18.449,11	1.844,91	18.449,11
TONO	Norway	0,00	0,00	7.831,34	783,13	7.831,34
UCMR	Romania	694,76	69,48	31.513,35	3.151,34	32.208,11
ZAIS	Poland	5.592,63	559,26	218.139,04	21.813,90	223.731,67
ZAMP MAC	North Macedonia	0,00	0,00	258.600,16	25.860,02	258.600,16
TOTAL (HRK)		536.294,03	53.629,40	12.667.451,86	1.266.745,19	13.203.745,89

MECHANICAL RIGHTS

/ Revenue sent abroad to foreign CMOs in 2022

SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS	SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS
ACUM	Israel	32,75	5,90	SACM	Mexico	74,05	13,33
AMCOS	Australia	2.831,03	509,59	SADAIC	Argentina	183,04	32,95
ARTISJUS	Hungary	17,96	3,23	SAYCO	Colombia	92,40	16,63
AUME	Austria	540,76	97,34	SAZAS	Slovenia	2.804,55	504,82
EAU	Estonia	1,95	0,35	SDRM	France	7.494,91	1.349,08
GEMA	Germany	6.197,13	1.115,48	SGAE	Spain	1.518,79	273,38
JASRAC	Japan	87,21	15,70	SOCAN RR	Canada	354,93	63,89
MCPS	United Kingdom	5.354,32	963,78	SOKOJ	Serbia	42.167,76	7.590,20
MCSC	China	5,54	1,00	SPA	Portugal	205,49	36,99
MESAM	Turkey	55,57	10,00	STEMRA	Netherlands	967,75	174,20
MUSICAUTOR	Bulgaria	308,36	55,50	SUISA	Switzerland	482,91	86,92
NCB	Denmark	4.905,10	882,92	UCMRADA	Romania	278,18	50,07
OSA	Czech Republic	79,54	14,32	ZAIKS	Poland	39,43	7,10
PAM CG	Montenegro	188,55	33,94	ZAMP MAC	North Macedonia	550,00	99,00
SABAM	Belgium	167,33	30,12	TOTAL (HRK)		77.987,29	14.037,71



OTHER RIGHTS

SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS	CULTURE FUNDS
ABRAMUS	Brasil	17.714,07	3.961,06	1.130,20
ACUM	Israel	146.901,66	32.848,83	9.372,66
AKKA-LAA	Latvia	558,29	124,84	35,62
AKM	Austria	70.463,90	15.756,51	4.495,75
AMRA	USA	165.475,00	37.002,04	10.557,68
APRA	Australia	652.765,52	145.965,57	41.647,90
ARTISJUS	Hungary	23.992,04	5.364,88	1.530,75
ASCAP	USA	2.990.773,05	668.769,85	190.818,02
AUME	Austria	10.376,22	2.320,24	662,03
AUTODIA	Greece	5.042,85	1.127,64	321,75
BMI	USA	3.142.979,01	702.804,79	200.529,10
BUMA	Netherlands	212.067,93	47.420,73	13.530,41
EAU	Estonia	1.304,61	291,73	83,24
GEMA	Germany	818.438,55	183.011,89	52.218,21
IMRO	Ireland	72.074,01	16.116,54	4.598,48
JASRAC	Japan	12.968,73	2.899,95	827,43
KODA	Denmark	40.211,46	8.991,73	2.565,58
KOMCA	South Korea	15.066,62	3.369,06	961,28
LATGA	Lithuania	620,16	138,67	39,57
MACP	Malaysia	1.048,36	234,42	66,89
MCSC	China	489,37	109,43	31,22
MESAM	Turkey	105.607,41	23.614,98	6.737,99
MUSICAUTOR	Bulgaria	4.209,75	941,35	268,59
MUST	Taiwan	526,78	117,79	33,61
NCB	Denmark	99.057,64	22.150,38	6.320,10
OSA	Czech Republic	9.722,75	2.174,11	620,33
PAM CG	Montenegro	33.985,33	7.599,49	2.168,34
PRS	United Kingdom	5.395.032,01	1.206.388,69	344.215,13
SABAM	Belgium	54.602,66	12.209,76	3.483,77
SACEM	France	629.356,56	140.731,07	40.154,36
SACM	Mexico	40.043,28	8.954,12	2.554,85
SADAIC	Argentina	8.203,19	1.834,32	523,38
SAMRO	South African Republic	18.406,53	4.115,90	1.174,38
SAYCO	Colombia	6.185,91	1.383,24	394,67
SAZAS	Slovenia	194.620,38	43.519,26	12.417,22
SESAC	USA	402.125,37	89.919,67	25.656,50
SGAE	Spain	101.224,79	22.634,98	6.458,37
SIAE	Italy	730.863,83	163.429,22	46.630,75
SOCAN	Canada	700.410,88	156.619,60	44.687,78
SOKOJ	Serbia	1.343.150,15	300.343,19	85.695,99
SOZA	Slovakia	1.654,40	369,94	105,55
SPA	Portugal	51.390,80	11.491,55	3.278,85
STEF	Iceland	8.337,19	1.864,29	531,93
STIM	Sweden	551.604,48	123.344,85	35.193,60
SUISA	Switzerland	111.469,50	24.925,81	7.112,00
TEOSTO	Finland	45.796,23	10.240,54	2.921,90
TONO	Norway	56.774,95	12.695,51	3.622,37
UCMR ADA	Romania	41.128,95	9.196,89	2.624,12
ZAIKS	Poland	9.912,96	2.216,65	632,47
ZAMP MAC	North Macedonia	46.367,73	10.368,34	2.958,37
UKUPNO (HRK)		19.203.103,80	4.294.025,90	1.225.201,06

Other reciprocal representation agreements with foreign CMOs: AAS / Azerbaijan, ALBAUTOR / Albania, ANCO / Moldova, ASSIM / Brasil, COMPASS / Singapore, GCA / Georgia, HFA / USA, IPRS / India, JACAP / Jamaica, NCIP / Belarus, MSG / Turkey, RAO / Russia, SCM Cooperativa / Cabo Verde, UACRR NGO / Ukraine

Top 10 domestic works

(broadcast in 2022)

TREBAŠ LI ME	(Zvonimir Husnjak, Matija Cvek / Matija Cvek / Zvonimir Husnjak)	ENI JURIŠIĆ & MATIJA CVEK
PONOVO	(Husein Hasaneferdović / Husein Hasaneferdović)	PARNI VALJAK
MALI KRUG VELIKIH LJUDI	(Ivan Dečak / Ivan Dečak / Ivan Dečak, Jura Ferina, Pavao Miholjević, Massimo Savić)	MASSIMO
NEKAD JE BILO BOLJE	(Nenad Borgudan / Nenad Borgudan / Nenad Borgudan, Vitor Čerić, Edi Grubišić, Alen Križaj)	DETOUR
POLJUBI ME ZA KRAJ	(Tibor Karamehmedović / Sanin Karamehmedović / Nikša Bratoš)	SILENTE
JEL' TI REKA 'KO	(Tonči Huljić / Petar Grašo, Vjekoslava Huljić / Tonči Huljić, Petar Grašo, Leo Škaro)	PETAR GRAŠO
REFUŽO	(Ivo Jagnjić / Ivo Jagnjić / Ivo Jagnjić, Ante Gašpari, Zdravko Sunara)	DALMATINO
ZAMISLI	(Ivan Dečak, Rajko Dujmić / Ivan Dečak, Rajko Dujmić / Jura Ferina, Mihael Kurjančić, Pavao Miholjević, Massimo Savić)	MASSIMO
JUBE MOJA ZNAJ	(Neno Belan / Nikša Sviličić)	NENO BELAN & FIUMENS
PTICE	(Matija Cvek, Alan Dović / Matija Cvek / Alan Dović)	MATIJA CVEK

Top 10 foreign works

(broadcast in 2022)

COLD HEART	(Elton John, Nicholas George Littlemore, Samuel David Littlemore, Peter Bruce Mayes, Andrew John Meecham, Dean John Meredith, Bernard J P Taupin)	ELTON JOHN, DUA LIPA
BAM BAM	(Cheche Alara, Edgar Barrera, Karla Camila Cabello, Carrera Juan Fernando Fonseca, Eric Burton Frederic, Scott Harris, Edward Christopher Sheeran)	CAMILA CABELLO FEAT. ED SHEERAN
AS IT WAS	(Harry Styles, Thomas Hull, Tyler Johnson)	HARRY STYLES
IN THE DARK	(Jose Antonio Fernandes Coelho, Ed Cosens, Tino Schmidt, Sophie Louise Scott, Olivia Fay Sebastianelli, Ryan Sewell, Dimitri Tikovoï)	PURPLE DISCO MACHINE, SOPHIE AND THE GIANTS
LIGHT SWITCH	(Jacob Kasher Hindlin, Charlie Otto Jr Puth, Jacob Casey Torrey)	CHARLIE PUTH
BAD HABITS	(Fred Gibson, Johnny Mcdaid, Edward Christopher Sheeran)	ED SHEERAN
WHEN I'M GONE	(Nathan Cunningham, Alma Gudmundsdottir, Alessandro Rodolfo Renato Lindbald, Alida Garpestad Peck, Katy Perry, Marc Raymond Ernest Sibley, Rami Yacoub)	ALESSO, KATY PERRY
SHIVERS	(Kal Lavelle, Steve Mac, Johnny Mcdaid, Edward Christopher Sheeran)	ED SHEERAN
ANYONE FOR YOU	(George Ezra Barnett, Joel Laslett Pott)	GEORGE EZRA
LOVE AGAIN	(Irving Wallman, Max Wartell, Clarence Bernard Coffee, Chelcee Maria Grimes, Stephen Noel Kozmeniuk, Lipa Dua, Bing Crosby)	DUA LIPA

Top 10

authors / CROATIA

(in alphabetical order)

Ante Pecotić

Branimir Mihaljević

Husein Hasanefendić

Miroslav Buljan

Neno Belan

Predrag Martinjak

Tonči Huljić

Vjekoslava Huljić

Zdenko Runjić

Zlatan Stipišić

Top 5

authors / WORLD

(in alphabetical order)

Bruce **Springsteen** — SAD

Edward Christopher **Sheeran** — UK

Gordon Matthew Sumner, **Sting** — UK

Karl Martin Sandberg, **Max Martin** — Švedska

Kevin Richard Parker, **Tame Impala** — Australija

Top 5

authors / REGION

(in alphabetical order)

Dušan **Bačić**

Edin **Šaran**

Momčilo **Bajagić**

Nedim **Babović**

Zlatko **Arslanagić**

— REPORT ON FACTUAL FINDINGS

BDO

Phone: +385 1 2395 741
Fax: +385 1 2303 691
E-mail: bdo-croatia.hr

BDO Croatia d.o.o.
10000 Zagreb
Radnička cesta 180

REPORT OF FACTUAL FINDINGS

to representatives of the Croatian Composers' Society

We have applied procedures agreed with you as specified below and related to the General Statement of Account of Collected Fees and Distribution of Income to Rightholders for the period from 1 January to 31 December 2022 (hereinafter "General Statement of Account regarding Distribution") prepared by the Croatian Composers' Society (hereinafter the "Society").

This Report has been prepared for the purpose of examining and evaluating the General Statement of Account regarding Distribution in accordance with the Copyright and Related Rights Act (NN 167/03, 79/07, 80/11, 141/13, 127/14, 62/17 and 96/18, 11/21) (hereinafter the „Act“) for the purpose of producing the Report of Factual Findings.

Our engagement was undertaken in accordance with the International Standard on Related Services ('ISRS') 4400 - Engagements to perform Agreed-upon Procedures regarding Financial Information. The Society has sole responsibility for the sufficiency of procedures. Consequently, we hereby give no statement as to the sufficiency of procedures described below for the purposes for which the Report has been requested nor for any other purposes.

The procedures we have applied include the following:

- (1) We have reviewed the Society's by-laws applied in the production of the General Statement of Account regarding Distribution in order to verify if their provisions are in compliance with the requirements of the Act. The by-laws we have reviewed within such procedures include the Society's Statute; Regulation on Exercising Copyright; Price List; Regulation on Public Performance Fees and Communication to the Public of Musical Works; and Decision on the Costs of Protection. We have reviewed the provisions of the said by-laws in order to understand the rules of accounting and distribution and the procedures used for calculating the statutory deductions from the funds for distribution within the General Statement of Account regarding Distribution in Attachment 1.
- (2) We have verified the regularity and credibility of the above said by-laws and their recording in the Society's business records pursuant to the Act on Financial Operations and Accounting of Non-profit Organizations (NN 121/14 and 114/22).
- (3) On a selected sample we have examined if the amounts due by payers are correctly calculated and if invoices issued are correct and in accordance with the amounts due as the amounts due by payers are calculated automatically within the Society's system in accordance with calculation rules defined by the Regulation on Public Performance Fees and Communication to the Public of Musical Works. We have verified if the amounts due are correctly presented in the Society's IT system.
- (4) Since the distribution of collected fees to Society's income and pass-through items intended for payment to authors is done automatically within the Society's IT system based on the percentages set out in the Society's by-laws, we have verified the overview of receivables as on 31 December 2022 and on the selected sample we have checked if the data on the issued invoice correspond to the data entered into the system on the basis of which invoices are made automatically and periodically. We have recalculated and verified the amounts relating to authors' remuneration, performers' remuneration and phonogram producers' remuneration.
- (5) As the Society's IT system automatically produces invoices based on entered data on the value of points and the number of points, and distributes each paid invoice to the Fund for the Promotion of Copyright and Fight against Piracy, protection costs, Cultural Fund, Complaints and Objections Fund and finally to the liabilities to authors, the auditor's IT Department was also involved in the procedures for testing automatic records. We have verified if the Society applies the defined parameters for payment and distribution of paid invoices and uses the defined percentages as stipulated in its by-laws and in accordance with the Act.

REPORT OF FACTUAL FINDINGS (continued)

Factual findings

- a) Ad 1 - We have established that the Society's by-laws applied for the production of the General Statement of Account regarding Distribution are in compliance with the provisions of the Act.
- b) Ad 2 - We have established that the documents on the basis of which the General Statement of Account regarding Distribution has been developed are correct and credible and recorded in the Society's business records in accordance with the Act on Financial Operations and Accounting of Non-profit Organizations.
- c) Ad 3, we have not observed any inconsistencies or errors in the process of calculating the amounts due by payers within the invoicing process.
- d) Ad 4, we have not established any discrepancies between the amounts obtained by calculation by the Society and the amounts obtained by manual recalculation.
- e) Ad 5, we have established that the Society conducts deductions from the funds for distribution in accordance with its by-laws and the Act. We have not observed any discrepancies between the amounts collected as reported in bank statements, the amounts used in the General Statement of Account regarding Distribution and the amounts reported in the Society's accounting records. We have not observed any inconsistencies or errors in the process of automatic calculation of remuneration to be paid to authors.

Based on the procedures conducted it has been established that the General Statement of Account of Collected Fees and Distribution of Income to Rightholders for 2022 has been prepared in accordance with the Copyright and Related Rights Act and the Society's by-laws specified under section 1.

Defined framework

As the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance. Had we performed additional procedures in accordance with International Standards on Auditing or International Standards on Review Engagements or other applicable national standards or practices, other matters might have come to our attention that would have been reported to you.

It should be noted that we have audited the Society's annual financial statements for 2022 under the Agreement on the Audit of Financial Statements in accordance with the Act on Financial Operations and Accounting of Non-profit Organizations and International Standards on Auditing. Based on the audit conducted we have issued the Independent Auditor's Report of 5 May 2023 with the opinion that the Society's annual financial statements for the year ended on 31 December 2022 have been drafted in all their significant elements in accordance with the Act on Financial Operations and Accounting of Non-profit Organizations.

In conducting our procedures we were limited to data obtained from the Society. When planning and conducting our procedures, we relied, among other things, on statements made by the responsible persons of the Society.

In the case of additional information or data not provided to us, or in the case of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our Independent Assurance Report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

REPORT OF FACTUAL FINDINGS (continued)

This Report of Factual Findings is intended solely for the use by the Society and for the purpose of the submission thereof in accordance with Art. 244 para. 12 and Art. 251 para. 1 of the Copyright and Related Rights Act.

This Report relates only to the General Statement of Account regarding Distribution and does not extend to any other financial statements of the Society as a whole.

This Report of Factual Findings is intended solely for the purpose set forth in the first section of this Report and for your information and is not intended for any other purposes or distribution to any other parties without our prior consent.

At Zagreb, 8 May 2023

BDO Croatia d.o.o.
10000 Zagreb
Radnička cesta 180

/signed/

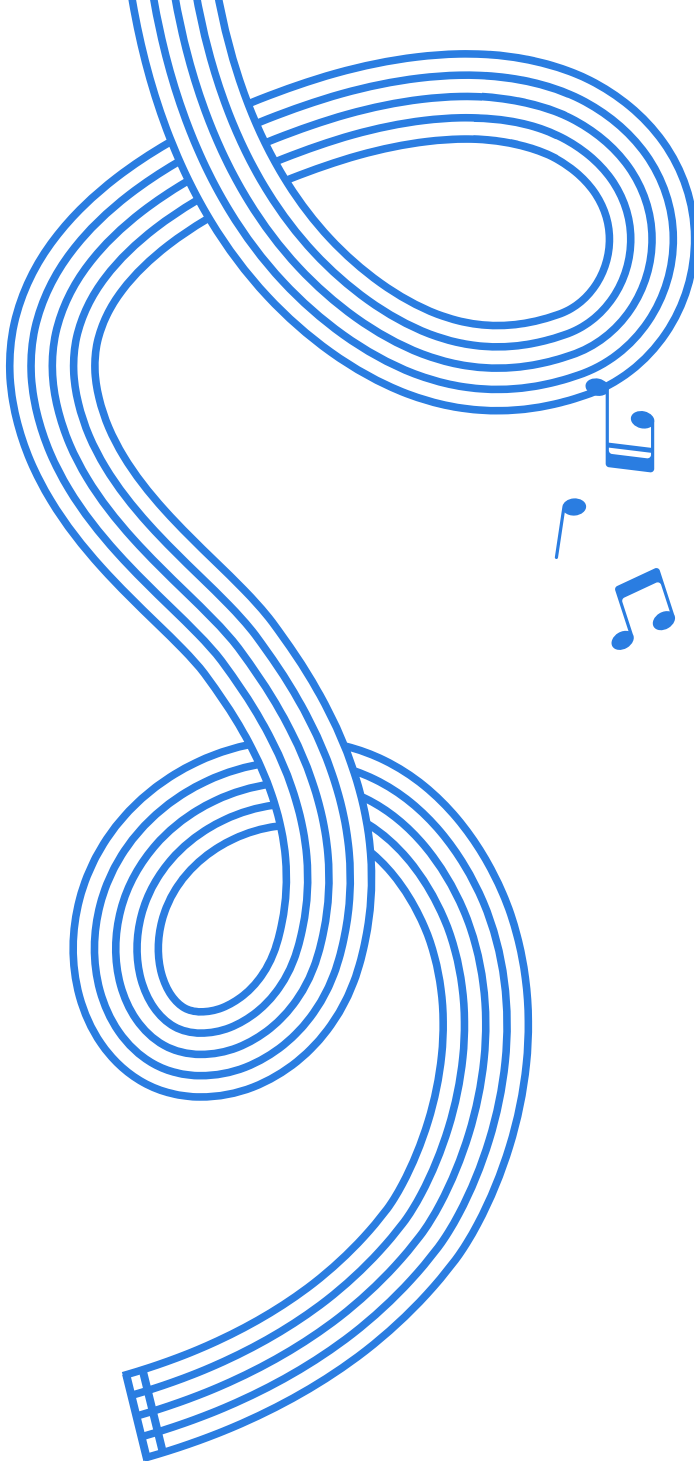
Hrvoje Stipičić, Management Board Chairman

/signed/

Vlatka Rukavina, Certified Auditor


BDO Croatia d.o.o.
Zagreb, Radnička cesta 180
OIB: 76394522236

6



H D S
Z A M P

Glas autora!



WWW.ZAMP.HR | WWW.HDS.HR

HDS ZAMP

Heinzelova 62A
10000 Zagreb

T. 01/ 6387 000

F. 01/ 6387 001

E. zamp@hds.hr | press@hds.hr



WWW.ZAMP.HR | WWW.HDS.HR

